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## SUPPLEMENT

**SUBJECT** Communist - People's Party Deal in  
the Nationalisation of Banks

1A  
ORIGIN

1. It is fairly certain in Government circles that Czechoslovakia is to have only two nationalized banking institutions. One, which will be formed around the Zivnostenska Banka, is to handle all loans to enterprises that come under the jurisdiction of the Ministry for Industry; the other, with the Moravska Banka for its nucleus, will take care of loans for enterprises under the Ministry for Food.
2. During the discussions, the Czechoslovak National Socialists and the Slovak Democrats objected strongly to this arrangement, but it is being adopted in spite of their opposition, since neither party seems able to suggest a more "agreeable" set-up.
3. Msgr. Hala, as representative of the People's Party of Bohemia-Moravia, was largely instrumental in having the headquarters of one of the banking institutions placed in Erno. In this way, he hopes to combat the growing strength of the "Bohemian wing" inside the People's Party.
4. Hala also has received assurance from Dr. Jaromir Dolansky, Communist Minister for Finance, that both of the nationalized banks will give preference to People's Party members in filling their most important posts. This arrangement, Hala feels, will help compensate for his party's failure to obtain any of the vital jobs in industry, most of which were taken over by the Communists and Social Democrats.
5. Without the knowledge of the National Socialists, Hala made a deal beforehand with the Communists whereby he agreed not to oppose their demand for only two nationalized banks in return for the above concessions to his own party. The National Socialists, expecting Hala to back them, insisted during the discussions on the retention of a third bank, the Legiebanka; as a result, they wasted their strength in fighting the Communist proposal and were left powerless to obtain any concessions for themselves.

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